

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

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TO SECSTATE WASHDC 8885

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT POUCH

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

C O N F I D E N T I A L CAIRO 13136

E.O. 11652: GDS

TAGS: EFIN PGOV EG

SUBJECT: PEOPLE'S ASSEMBLY SPEAKS OUT ON ECONOMIC POLICY:

GOVERNMENT DEBT DISCUSSED

REF: CAIRO 12929

1. SUMMARY: PEOPLE'S ASSEMBLY IS SOMEWHAT UNEXPECTEDLY  
RAISING INSISTENT POLICY QUESTIONS DURING CURRENT BUDGET DEBATES.  
GOVERNMENT SPOKESMEN HAVE HAD TO ADDRESS THESE QUESTIONS  
AND MORE OFFICIAL INFORMATION THAN USUAL - FOR EXAMPLE, SIZE  
OF PUBLIC DEBT-- IS BEING SPRUNG LOOSE INTO PUBLIC DOMAIN.  
END SUMMARY.

2. PEOPLE'S ASSEMBLY DEBATE ON 1976 GOE BUDGET IN RECENT  
DAYS HAS PROVIDED SETTING FOR EVIDENTLY VOCIFEROUS  
DENUNCIATION BY VARIOUS MEMBERS OF EGYPTIANS WHO CONTINUE  
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ENRICHING THEMSELVES AT EXPENSE OF WORKERS. LEGISLATORS HAVE

STOPPED SHORT OF CRITICIZING CURRENT GOVERNMENT LEADERSHIP IN ECONOMIC FIELD DIRECTLY, BUT HAVE GONE SO FAR AS TO RAISE QUESTION WHETHER FORMER PLANNING MINISTERS COULD BE BROUGHT TO TRIAL FOR THEIR RESPONSIBILITY IN DETERIORATION OF ECONOMY AND TO CALL FOR INVESTIGATION OF ALL PERSONS BECOMING WEALTHY UNDER SOCIALIST SYSTEM. ONE MEMBER DEMANDED TRUTH ABOUT "SOCIALISM OF MILLIONAIRES."

3. DEBATE OF DECEMBER 29 FEATURED QUESTIONS ON SIZE OF GOE DEBT (SEE BELOW), INCLUDING MILITARY OBLIGATIONS. ELEMENTS OF ASSEMBLY REPORTEDLY INSISTED ON BEING PROVIDED INFORMATION ON LATTER POINT AND EVENTUALLY GOE MINSTATE FOR ASSEMBLY AFFAIRS OFFERED TO MAKE THIS AVAILABLE ON CONFIDENTIAL BASIS TO APPROPRIATE COMMITTEE. CERTAIN UNIDENTIFIED MEMBERS EVEN CALLED FOR REDUCTION IN MILITARY BUDGET AND HAD TO BE REMINDED BY SPOKESMAN FOR EXECUTIVE BRANCH THAT "BATTLE STILL IS CONTINUING." NUMBER OF OTHER QUESTIONS RELATED TO MEANS TO ATTRACT EGYPTIAN EXPATRIATE SAVINGS, SCHOOL CONSTRUCTION (ONE MEMBER POINTED OUT THERE IS NOT RPT NO FUNDING FOR THIS PURPOSE IN BUDGET), REACTIVATION OF STOCK EXCHANGE, AND NEED FOR STEPPED UP OIL EXPLORATION. QUESTIONS ALSO WERE RAISED ON LACK OF BUDGETED FUNDS FOR DEVELOPMENT IN RURAL PROVINCES.

4. MIN/ECON AND ECON COOPERATION SHAFEI DELIVERED STATEMENT TO ASSEMBLY DECEMBER 29 TO EFFECT GOE'S EXTERNAL DEBT TOTALLED LE 2,817.8 MILLION (\$7,214 MILLION AT OFFICIAL RATE) AT END OF SEPTEMBER 1975, OF WHICH LE 2,218.6 MILLION (\$5,768 MILLION) WAS IN CONVERTIBLE CURRENCIES. MIN/FIN ABOU ISMAIL SAID SOVIET LOANS ACCOUNT FOR MORE THAN HALF OF DEBT. MIN SHAFEI'S STATEMENT ALSO EVIDENTLY LISTED INTERNAL DEBT TOTAL AS LE 4,595 MILLION (\$11,763 MILLION). NOTE: FIGURE ON TOTAL EXTERNAL DEBT CLOSELY APPROXIMATES THAT PROVIDED IMF BY GOE IN NOVEMBER; STATED DOMESTIC DEBT TOTAL IS LOWER BY SOME LE 2,200 MILLION THAN MID-JUNE CENTRAL BANK FIGURE FURNISHED TO IMF.

5. COMMENT: PEOPLE'S ASSEMBLY OFTEN HAS BEEN SCENE OF EXPLICIT CRITICISM OF INDIVIDUAL MINISTERIAL FIGURES, USUALLY ON ISSUE OF CORRUPTION WITHIN GOVERNMENT. WE HAVE NOT BEFORE HEARD POINTED ASSEMBLY QUESTIONING TO SUCH DEGREE  
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OF INSISTENCE ON PLANE OF ECONOMIC POLICY, HOWEVER. DEBATE LATE 1974 ON BUDGET FOR FISCAL YEAR NOW DRAWING TO CLOSE WAS, ACCORDING ALL REPORTS, CONSIDERABLY Milder IN TONE AND CERTAINLY RECEIVED LESS COVERAGE IN PRESS. WE DO NOT WISH TO MAKE TOO MUCH OF THIS APPARENT DEVELOPMENT ON BASIS OF INCOMPLETE, LARGELY UNSUBSTANTIATED INFORMATION. NEVERTHELESS, ELEMENTS OF ASSEMBLY APPEAR TO BE MAKING NOISES ON ECONOMIC POLICY FORMULATION AND DETAILED BUDGET QUESTIONS LIKE AN OPPOSITION,

ALBEIT OF THE LOYAL VARIETY. ONE NOTICEABLE EFFECT OF PARLIAMENTARY QUESTIONING THIS YEAR HAS BEEN TO MAKE MINISTRIES MORE FORTH-COMING ON SUCH SUBJECTS AS OFFICIAL DEBT, DATA ON WHICH WE HAVE NOT PREVIOUSLY SEEN PUBLICLY REVEALED. MINISTERS APPEARING AT PEOPLE'S ASSEMBLY DURING COURSE OF DEBATE ARE ACTUALLY ADDRESSING SOME OF HARD QUESTIONS POSED BY MEMBERS. EILTS

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## Message Attributes

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